

Minneapolis Community Development Agency

Request for City Council Action

Date: April 22, 2002

To: Council Member Lisa Goodman, Community Development Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee
Refer to: MCDA Board of Commissioners

Prepared by Cynthia Lee, Manager, Phone 612-673-5266

Approved by Chuck Lutz, MCDA Interim Executive Director _____

Subject: Acceptance and Appropriation of HUD Up Front Grant on behalf of Pine Cliff Apartments project; Execution of Grant Agreements.

Previous Directives: On February 2, 2001, the MCDA Board of Commissioners approved a land sale action and Multifamily program funding for the Pine Cliff Apartments project.

Ward: 6

Neighborhood Group Notification: Not applicable.

Consistency with *Building a City That Works*: Consistent with Goal 2, Objective A, to preserve and expand the number of affordable housing units throughout the City.

Comprehensive Plan Compliance: Complies.

Zoning Code Compliance: Complies.

Impact on MCDA Budget: (Check those that apply)

- ☐ No financial impact
- ☒ Action requires an appropriation increase to the MCDA Budget
- ☒ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

Living Wage / Business Subsidy: Not applicable.

Job Linkage: Not applicable.

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Affirmative Action Compliance: Complies.

RECOMMENDATION:
City Council

Amend the 2002 MCDA Appropriation Resolution to increase the appropriation in Fund FGO by \$448,764, and increase the Fund FGO Revenue Budget (3210-Federal Funds- HUD Grants) by \$448,764.

MCDA Board

Authorize the Executive Director or other appropriate official to accept the HUD Up Front Grant for the Pine Cliff Apartments project and to execute the necessary documents.

Background/Supporting Information

As indicated in the January 2001 report to the Commissioners, the MCDA will be acting as the recipient of federal HUD Up Front Grant funds for the Pine Cliff Apartments phase of the Franklin-Portland Gateway Project in the amount of \$448,764.

Pinecliff Apartments is a 30-unit rental housing project which was owned by HUD as the result of a foreclosure action. HUD's disposition regulations require sale (pass-through) to a local government entity for \$10.00, subject to ongoing affordability requirements (25 years) and a rehabilitation plan. Through this process, HUD is able to provide rehabilitation grant funding for up to half of the hard construction costs.

Central Community Housing Trust (CCHT) submitted a proposal for acquisition and comprehensive stabilization of the Pinecliff project. Funding for the project was secured from MCDA, EZ, MHFA, FHF, and Hennepin County. CCHT purchased the property from MCDA in October and the rehabilitation is now underway. The rehabilitation will address major deferred maintenance and structural issues at the property.

It is necessary for the MCDA to appropriate these funds in MCDA fund FGO at this time.